

Revised due to adoption of committee amendment

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$4,621,000		\$5,468,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$4,621,000		\$5,468,000	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 986, as amended by AM 2041 and AM 2060, amends Nebraska Revised Statutes dealing with the homestead exemption.

Section 77-3507 is amended to change the homestead eligibility income limitations for qualified claimants. For example, the current income limitation to receive a 100% exemption is a maximum household income of \$22,500 for a married claimant. Income levels are then increased in increments of \$1,200; correspondingly tax relief is reduced in increments of 15% until reaching a household income of \$28,501, at which point no relief is provided. The same method is applied to qualified singles claimants.

LB 986, as amended by AM 2041, changes those amounts and the percentage increments of relief. For qualified married claimants the starting income level is a maximum of \$31,600 receiving 100% relief but then increases the income increments by \$1,700 with corresponding 10% reductions in percentage of relief until reaching \$46,900, after which amount no relief is provided. The same method is applied to qualified single claimants.

Sections 77-3508 and 77-3509 are amended using the same methodology described above.

All three sections of statute provide that the income eligibility amounts in those sections are to be adjusted for inflation.

The Department of Revenue estimates an increase in General Fund expenditures in the following amounts:

FY2014-15:	\$ 4,621,000
FY2015-16:	\$ 4,732,000
FY2016-17:	\$ 4,850,000

The Department also noted that an application for the homestead exemption may be filed with the county assessor between February 1 and June 30 of each year. LB 986 contains the emergency clause and becomes operative upon signing by the Governor. This will require the Department to reprint the 2014 preprinted forms for applicants to file new applications for the 2014 application period. The Department estimates a cost of \$5,000 in FY13-14 for printing and mailing.

The bill, as amended by AM 2060, incorporates the provisions of LB 850 and amends Sections 77-3508 and 77-3513 to add individuals who have a developmental disability, as defined in Section 83-1205, as a new category of individuals eligible for the homestead exemption under Section 77-3508. Individuals seeking the exemption under this section are required to supply certification from the Department of Health and Human Services affirming their status as developmentally disabled.

Section 83-1205 defines developmental disability to mean: (1) Intellectual disability; or (2) A severe, chronic disability other than an intellectual disability or mental illness which: (a) is attributable to a mental or physical impairment other than a mental or physical impairment caused solely by mental illness; (b) is manifested before the age of twenty-two years; (c) is likely to continue indefinitely; and (d) results in: (i) in the case of a person three years of age or older, a substantial limitation in three or more of the following areas of major life activity, as appropriate for the person's age: (A) self-care; (B) Receptive and expressive language development and use; (C) learning; (D) mobility; (E) self-direction; (F) capacity for independent living; and (G) economic self-sufficiency.

This section of LB 986 as amended by AM 2060, has an operative date of January 1, 2015.

The Department of Revenue has estimated that AM 2060 will increase General Fund expenditures as follows:

FY2014-15:	\$	0
FY2015-16:	\$	736,000
FY2016-17:	\$	751,000

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact.

We agree regarding the cost of reprinting and mailing and assume the cost will be absorbed by the Department.

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 3/12/2014	
Approved by: Kim Conroy		Date Prepared: 3/11/2014	
		Phone: 471-5896	
	FY 2014-2015	FY 2015-2016	FY 2016-2017
	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
General Funds	\$ 4,621,000	\$ 5,468,000	\$ 5,601,000
Cash Funds			
Federal Funds			
Other Funds			
Total Funds	\$ 4,621,000	\$ 5,468,000	\$ 5,601,000

AM 2041 increases the homestead exemption income limitations and expands the homestead exemption percentage of relief for each income category. Beginning in 2015, the income limitations are adjusted annually for inflation with 2014 as the base year.

With the emergency clause, it would affect applications and income statements that have already been pre-printed and mailed for TY2014.

The estimated increase to General Fund expenditures from AM 2041 would be as follows:

FY 2014-15	\$ 4,621,000
FY 2015-16	\$ 4,732,000
FY 2016-17	\$ 4,850,000

In addition, the homestead exemption application may be filed with the county assessor between February 1 and June 30 each year. Since AM 2041 is operative upon enactment, the Department would be required to reprint and mail the 2014 preprinted forms for applicants to file new application for the 2014 application period. There would be an estimated cost of \$5,000 for printing and mailing.

AM 2060 amends the homestead exemption laws to allow developmentally disabled individuals, as defined in Neb. Rev. Stat. § 83-1205, to apply for a homestead exemption. The homestead exemption application filed by a developmentally disabled individual would require a certification from the Department of Health and Human Services. The certification form will be prescribed by the Department of Revenue.

AM 2060 would become effective January 1, 2015.

The estimated increase to General Fund expenditures from AM 2060 would be as follows:

FY 2014-2015	\$ -
FY 2015-2016	\$ 736,000
FY 2016-2017	\$ 751,000

The costs for the Department to implement AM 2060 are expected to be minimal.

